

RESPONSIVE TESTIMONY OF
PETER B. DAVID
ON BEHALF OF
DOMINION ENERGY SOUTH CAROLINA, INC.
DOCKET NO. 2021-88-E

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**
2 **OCCUPATION.**

3 A. My name is Peter B. David. I have been employed by Guidehouse (F/K/A
4 Navigant Consulting, Inc.) since 2010, where currently I am an Associate Director
5 in the company's Energy, Sustainability, and Infrastructure practice. My business
6 address is 150 N. Riverside Plaza, Suite 2100, Chicago, IL, 60606.

7
8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN THIS PROCEEDING?**

9 A. Yes, I previously submitted Direct and Rebuttal Testimony in this matter on
10 behalf of Dominion Energy South Carolina, Inc. ("DESC" or "the Company").
11

12 **Q. WHAT IS THE PURPOSE OF YOUR RESPONSIVE TESTIMONY?**

13 A. In my Responsive Testimony, I respond to certain matters regarding the
14 Variable Integration Charge ("VIC") raised in the Independent Report on Dominion
15 Energy South Carolina, Inc.'s 2021 Avoided Cost Proceeding prepared and

1 submitted by London Economics International, LLC on September 16, 2021 (“LEI
2 Report”). Specifically, I am responding to the following notions discussed in the
3 LEI Report:

- 4 • The incorrect implication that the Guidehouse Study is not independent;
 - 5 • The appropriateness of continuing the current interim VIC subject to true up
6 or down versus setting a fixed VIC;
 - 7 • The appropriate VIC for Tranche 2 solar additions; and
 - 8 • The role, or lack thereof, of the proposed SEEM on the VIC.
- 9

10 **Q. DO YOU AGREE WITH THE STATEMENT ON PAGE 54 OF THE LEI**
11 **REPORT THAT THERE IS A “NEED FOR A TRULY INDEPENDENT**
12 **STUDY”?**

13 A. Respectfully, I disagree with the implication that the Guidehouse Study is
14 not a truly independent study. While DESC provided data on the operating
15 parameters for their generating assets in order for Guidehouse to more accurately
16 model their operations, all of the other inputs were developed independently by
17 Guidehouse as part of its Reference Case process. As previously discussed on page
18 16 line 17 through page 17 line 2 of my Direct Testimony, the Reference Case
19 represents Guidehouse’s independent view of the most likely evolution of power
20 markets across North America. This Reference Case forecast is relied upon by a
21 number of market stakeholders including utilities, developers, and financial

1 institutions across North America in support of investment decisions, asset
2 valuations, and decisions regarding renewable integration. Guidehouse's wide array
3 of clients across the energy industry specifically value both our expertise and our
4 independence. While the Company was informed about these inputs, they were all
5 developed independently by Guidehouse. These independently derived inputs
6 include, but are not limited to:

- 7 • Peak demand and annual energy outlooks
- 8 • Fuel prices
- 9 • Emissions prices
- 10 • Federal and state regulations
- 11 • Transmission infrastructure investment
- 12 • Generator additions and retirements
- 13 • Interface limits and economic hurdle rates between DESC and neighboring
14 BA's
- 15 • Potential solar forecast error and the resulting minimum Operating Reserve
16 requirements to integrate solar capacity on DESC's system

17 All modeling and calculations conducted for this Study were done by
18 Guidehouse, independent of any direction from DESC. Furthermore, Guidehouse is
19 the only party in this proceeding to have conducted any study of the VIC for
20 integrating solar capacity in the Company's service territory; therefore, any other
21 party's conclusions about the appropriate level for a VIC would be mere conjecture

1 and any recommendation made based on that conjecture would be hypothetical at
2 best.

3 Finally, as indicated on page 54 of the LEI Report, the reasoning behind the
4 suggestion of conducting another independent study is that “it is clear the parties
5 disagree on most, if not all, of the issues raised regarding the Guidehouse VIC
6 Study.” However, the standard that all parties should agree on most or all issues is
7 unrealistic; parties such as CCEBA have a vested interest in disagreeing with any
8 analysis that DESC puts forth on any rate or cost issues, including any VIC greater
9 than \$0/MWh. The important question is whether the Guidehouse Study is an
10 independent and reasonable determination of the VIC, and the reasons I have stated
11 above clearly demonstrate that it is.

12
13 **Q. DO YOU HAVE ANY COMMENTS ABOUT THE STATEMENT ON PAGE**
14 **56 OF THE LEI REPORT THAT “THE BEST APPROACH IS TO**
15 **CONTINUE WITH THE VIC AT THE CURRENT INTERIM LEVEL OF**
16 **\$0.96/MWh SUBJECT TO TRUE UP OR DOWN BASED ON THE RESULTS**
17 **OF A COMPREHENSIVE INDEPENDENT STUDY”?**

18 A. Yes, I do have comments. First, as stated earlier in this Responsive
19 Testimony, I strongly disagree with the implication that the Guidehouse Study is
20 not comprehensive or independent. The information and data that Guidehouse
21 secured from DESC, the production cost modeling runs conducted, the analyses

1 performed, and the results derived in this Study are the same as Guidehouse would
2 have done if it had been retained by the Commission as the Independent Consultant.
3 Thus, the fact that others have neither performed these analyses nor presented their
4 results should not be used to diminish the professional work of Guidehouse. It is
5 simply of no consequence and, I believe, of no real evidentiary meaning to say that,
6 since there is disagreement as to what the VIC should be, the Commission should
7 wait and defer making a decision until another independent study has been
8 completed, when one has already been done.

9 Second, I do note that Company witness Daniel F. Kassis, P.E., stated in his
10 previously filed Rebuttal Testimony that DESC would be willing to accept a
11 continuation of the current interim VIC subject to true up as indicated on page 55
12 of the LEI Report. He did not say, however, that a continuation of the interim VIC
13 would be the best approach. The best approach is to make decisions based on the
14 most reliable and comprehensive evidence that is available, and in this case that
15 preferred decision making approach would lead one to the comprehensive and
16 independent Guidehouse Study.

17 However, I do agree with the LEI Report on what decision should be made
18 if the Commission determines that the word “fixed” in Section 58-41-20(F)(1)
19 means that maintaining an interim value is in violation of Act 62. The LEI Report
20 states on page 74 that “if the Commission believes that it must set a fixed VIC as
21 part of this proceeding, LEI concurs with Mr. Horii that DESC’s proposed VIC for

Tranche 1 of \$1.80/MWh may be a reasonable value.” More accurate, I believe, is to observe that the value recommended by the Guidehouse Study of \$1.80/MWh is not only “a reasonable value,” but is the only value that has been derived through an analytically rigorous process and based upon modeling DESC’s system. Additionally, as noted on page 56 of the LEI Report, a VIC of \$1.80/MWh for Tranche 1 “is within range of what LEI has observed through a survey of solar integration charges and ancillary services costs across the region.” LEI’s statement is further evidence that the value for Tranche 1 of \$1.80/MWh calculated by Guidehouse is reasonable and reliable.

Q. DOES THE LEI REPORT DRAW ANY CONCLUSIONS ABOUT THE APPROPRIATE VIC FOR FUTURE SOLAR CAPACITY THAT WILL MAKE UP TRANCHE 2?

A. With respect to the VIC, the LEI Report focuses solely on Tranche 1 and does not offer any opinions or conclusions as to the reasonableness of the value presented in the Guidehouse Study for Tranche 2. Given the significant amount of production cost modeling, data analysis, and reliability checks performed by Guidehouse in developing its Tranche 2 values, and observing that both LEI and ORS Witness Horii agree that Guidehouse’s methodology in conducting the Study is appropriate and reasonable, Guidehouse and DESC respectfully maintain that the \$3.43/MWh value for the Tranche 2 VIC presented in the Guidehouse Study is also

1 reasonable. However, should the Commission set the fixed \$1.80/MWh VIC for
2 Tranche 1 that Guidehouse suggests and both ORS and LEI agree is reasonable, a
3 compromise would be to set an interim VIC for Tranche 2 of \$1.80/MWh subject to
4 true up. Setting a temporary interim VIC for Tranche 2 would be more appropriate
5 and less burdensome than maintaining the current interim VIC for Tranche 1
6 because no Tranche 2 projects have achieved commercial operation yet.

7
8 **Q. DO YOU AGREE WITH THE LEI REPORT'S SUGGESTION THAT THE**
9 **PROPOSED SEEM COULD BE USED TO MINIMIZE THE COMPANY'S**
10 **VIC?**

11 A. Respectfully, I do not agree. If approved by FERC, the proposed SEEM will
12 provide measurable benefits to the Company and its customers and thus should be
13 considered in a statewide energy integration study. However, I respectfully disagree
14 that the SEEM will have any impact on the VIC. As previously discussed in both
15 my Direct and Rebuttal Testimonies, the VIC calculated in the Study for integrating
16 intermittent solar resources in the Company's service territory is driven entirely by
17 the Company's need to maintain an incrementally increased minimum of Operating
18 Reserves requirement. Operating Reserves must be provided by firm energy
19 resources, and Operating Reserve requirements are based on the amount of firm
20 energy available. The SEEM by definition involves only non-firm energy and
21 transmission reservation; therefore, it will not impact either the amount of Operating

1 Reserves the Company must maintain or the resources upon which the Company
2 can rely to provide Operating Reserves. As a result, there is simply no way to design
3 or implement the proposed SEEM that would have any impact on the VIC.
4

5 **Q. DOES THIS CONCLUDE YOUR RESPONSIVE TESTIMONY?**

6 **A. Yes.**